Industry Sector Analysis
FRANCE

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TRAVEL & TOURISM SERVICES

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TRAVEL AND TOURISM SERVICES IN FRANCE IN 2002.

SUMMARY

The United States remains one of the top choices among long-haul destinations for French travelers. Since 1985, the number of French tourists o the U.S. has tripled, reaching more than one million in 2000. France ranks third among European markets, after the United Kingdom and Germany, and sixth in the world after Canada, Mexico, Japan, the U.K., and Germany as an overseas source of income for the tourism industry in th U. S.

t is clear that September 11 had a major impact on the French travel & tourism industry, particularly on those who were promoting travel to the Jnited Sates. Nevertheless, travel to the United States had already experienced a decline in outbound travel to the U.S. over their 2000 figures prio o September 11. Although there have been some recent signs of a mild recovery, France's "Visit USA" industry continues to suffer from the consequences of those tragic events.

The Commercial Service of the Department of Commerce is actively promoting U.S. tourism destinations and considers it one of its "best prospect" ectors. The Visit USA Committee France, a private industry association aimed at promoting the United States as a travel and tourism destination, he most prominent and active organization in France promoting tourism to the United States.

Today, the Visit USA Committee/France has more than 100 members, including 22 U.S. states and 20 cities, as well as major U.S. airlines, hotel chains, car rental & services companies, theme parks, and tour operators. With the support of the Commercial Service, the Visit USA Committee is organizing promotional activities such as trade and consumer shows and publishing travel guides for the travel trade industry and the general pub

MARKET HIGHLIGHTS & BEST PROSPECTS

- Market Profile

A report by the World Travel & Tourism Council shows the European Union as the largest regional generator of travel and tourism in the worl followed by the combined U.S./Canadian market.

Forecast of international inbound travel to the United States

nternational arrivals to the U.S. are forecast to grow for the next three years by more than 4 percent per year.

- **Europe** will continue to be the top tourism generating overseas region with visitor arrivals expected to surpass 13 million by 2004, a 19 percent increase over 2000.

- **Asia** will grow fastest as a region, and is forecast to reach 9.3 million visitors by 2004, a 23 percent increase over 2000.
- Visitors from **South America** will reach 3.6 million, a 22 percent increase over 2000.

ear	Number of Visitors	Annual Percentage Change
01	52.9 million	4.0%
02	55.3 million	4.6%
03	58.0 million	4.9%
04	60.3 million	3.9%

nternational arrivals to the U.S. are forecast to decline in 2001, but will begin to recover in 2002, and then grow by over 7 percent per year through 004.

- Europe will continue to be the top tourism generating overseas region, but visitor arrivals will be down substantially in 2001 (-21%). Arrivals are forecast to return nearly to 2000 levels (11.4 million arrivals) by 2004.
- Asian arrivals will decline in 2001 (-19.8%), but return nearly to 2000 levels (7.5 million arrivals) by 2005.
- South American arrivals will decline in 2001, but not by as much as the two other regions (-11%). South America is forecast to be the first region to return nearly to 2000 levels (2.9 million arrivals) by 2003.

rench travelers to the United States (million of French visitors):

rance will continue to be among the top tourism generating overseas country, but visitor arrivals will be down substantially in 2001 (-14%). ctually, arrivals from France are a two-part story in 2001. For the first half of the year, the U.S. as a destination registered significant growth from rance. For the second half of the year, the United Kingdom, Germany, France, Italy, Spain, Sweden, and Switzerland all showed declines in rrivals. Among the top three markets in Europe, annual declines were seen in Germany (-17%), France (-14%), and United Kingdom (-4%).

) Trends in arrivals of French visitors to the U.S. (in millions):

001: 0.935
000: 1.74
999: 1.044
998: 1.013
997: 0.978

) Forecast of arrivals of French visitors (in millions):

002: 1.135
003: 1.166

) Trends in receipts from French visitors in $ billions:

000: 2.30
999: 2.33
998: 2.33

) Purpose of trip to the U.S. (in percentage share of visitors in 2000):

liday: 53

usiness: 37.4
onventions: 7.3

) Selected leisure activities in the U.S. (in percentage share of visitors in 2000):

ing/Restaurants: 81.3

hopping: 81.5

htseeing in Cities: 42.1

istorical Places: 40.5

Galleries/Museums: 28.6

heme Parks: 25.4

it National Parks: 24.6

ultural Heritage: 23.8
our Countryside: 19.6
ater Sports/Sunbathing: 17.4
oncerts/Plays/Musicals: 13.2
thnic Heritage Sights: 7.4
ative American Sites: 4.1

) Average length of stay in the U.S. (in number of nights):

000: 15.0
999: 15.0
998: 14.5

) Usage of prepaid packages (in percentage share of visitors):

000: 15.0
999: 15.0
998: 15.0

) Average daily visitor spending in U.S.:

000: $ 100

ource: Tourism Industries, International Trade Administration ,U.S. Department of Commerce, 2001.

Statistical Data (for total French tourism trade)

In $ billions	1999	2000	2001	Projections for 2002
tal tourism receipts from travelers m outside France	96.0	98.4	100.86	2.50 %
tal tourism receipts from residents France in France	108.3	111.5	114.8	3.04 %
tal tourism receipts from French izens traveling abroad	31.5	33.0	33.9	3.00 %
tal tourism receipts in France +1 -3)	172.8	178.8	185.0	3.50 %
tal tourism receipts from U.S. velers to France	3.8	4.1	4.30	5.00 %

›tal tourism receipts from French ıvelers to U.S.	2.49	2.53	2.18	-14.00 % (over 2000)
‹change Rates	E 0.924	E 0.896	E 0.880	

nflation Rate in 2001 (annual average): 2%
Receptivity code (1-5): 3
Range: 5 (extremely receptive) to 1 (not receptive)

France is the third largest market in Europe, after U.K. and Germany for U.S. destinations. September 11 had a major impact on the French travel & ourism industry. With a 14% percent decrease in 2001, the United States has to maintain its popularity as a long-haul destination in France.

- Best Sales Prospects

The U.S. is a popular destination, ranked number one among long-haul destinations, just behind the French West Indies. French visitors are very attracted by the sea, beaches and sun. This explains the popularity of destinations such as Florida and California. As the French are a highly fond of culture and history, many French visitors choose cities renowned for their artwork or museums. In addition, images of cowboys and Indians, and open spaces, fostered by American TV shows and movies, remain vivid in the French imagination, which explains why Weste states are also popular in France.

Destinations:

New York, Florida, California, the national parks in Arizona, Nevada, and Utah remain the top choices as destinations for French travelers. New York is the major gateway. Florida offers the sun, beaches and amusement parks. California offers sun, projects an appealing lifestyle, and is an ntry point to many national park areas.

Travel arrangements

The travel arrangements are offered in all tour operators' brochures through:

- **city-package plans,** with an average length of stay of 5 to 7 days. Only 25 percent of these plans offer only the beach and sun (usually Miami, Palm Beach); 75 percent offer city stays including sightseeing and airport transportation, mainly in New York, Washington D.C., Boston, Chicago, Los Angeles, San Francisco, New Orleans, Las Vegas, Miami, and Orlando.
- **self-drive tours,** with an average length of stay of 15 days. They are in three majors regions: the Far West (including Los Angeles, San Francisco, Las Vegas and the national parks in the west), the East Coast (including New York, Niagara Falls, Boston and New England, Washington D.C., Philadelphia and Canada), and the South (including Florida and New Orleans, Louisiana).

Most importantly, the French customer is a repeat visitor who, having experienced the most popular destinations, is now looking for new activities and destinations. In the South and in the West in particular, Texas, New Mexico, Wyoming, Montana and Colorado, are attracting mo and more French visitors looking for outdoor activities and sports (hiking, golfing, surfing, skiing). New England, Washington, D.C., Louisiana and other parts of the south (such as Missouri, Georgia, North Carolina and South Carolina), are also becoming more popular. For the past few years, states in these regions have launched significant promotional campaigns in France.

COMPETITIVE ANALYSIS

- Local Market Characteristics

The French have 5 weeks of statutory paid vacation each year. Tourism in France is seasonal: one week is generally taken in winter (February), one week in spring (April), and three weeks in the summer (between June 30 and September 15), traditionally during school vacations. The fac that the French all leave at the same time is a major concern for the airlines, which are oversold at such periods and below capacity during the rest of the year.

The growth of French travellers has been affected by the September 11 tragic events. As a consequence, French travellers have shortened thei length of stay in the United States by a few days. To reduce the effects of what has been until recently a strong U.S. dollar, some French tour operators have offered discounted packages. In the same spirit, a few New York City hotels have significantly cut their room rates to remain attractive to the French market. The strengthening of the Euro vis-a-vis the dollar in recent months should help to re-generate travel to the Uni States in the months ahead and may counteract some of the lingering effects of September 11.

Numerous American tourism professionals view France as a challenging market. However, marketing strategies that are adapted to the French market's specific characteristics can help committed destinations to overcome these challenges. The objective of any marketing strateg should be to reach the end-user as directly as possible. The public can be reached through press coverage (press familiarization trips), the Internet, and all forms of advertising. Promotion through the press is the most reliable advertising tool, keeping in mind that press releases and promotional materials should preferably be in French. **Media have a great impact in France and should be considered as an excellent means to promote tourism to the United States. Travel trade shows, such as Top Resa, are also extremely attractive and effective vehicles to promote new and undiscovered U.S. destinations.**

The major travel trade magazines are:

Quotidien du Tourisme

), Allée Jean Trouvé
)2110 Clichy
'el: (33-1) 41 40 33 75
'ax: (33-1) 41 40 34 17
Contact: Mr. Patrick Lopez, Editor
Circulation: 11 900
Type: daily

Echo Touristique

12-14 rue Méderic
75017 Paris
'el: (33-1) 56 79 43 60
'ax: (33-1) 56 79 43 09
Contact: Mr. Hervé Hugueny, Editor
Circulation: 15 000
Type: weekly magazine

ur Hebdo

, avenue Edouard Belin
)2856 Rueil-Malmaison
'el: (33-1) 41 29 97 51
'ax: (33-1) 41 29 97 95
Contact: Ms. Genevieve Bieganowski, Editor
Circulation: 13 500
Type: weekly magazine

- Airlines

International Airline Alliances

he airline industry is now in a highly competitive environment, as most carriers are going through structural changes and mergers and acquisitio n order to compete in an ever-changing marketplace. For example, airlines are beginning to introduce ticketless travel, which will affect travel agen ommissions. Currently, most airlines are offering ticketless travel on international flights. These factors will have an impact on tour operator and ravel agency programs. Also, by cooperating with their American and other competitors, European airlines can now offer their customers more lestinations and services. Examples of cooperation includes: frequent flyer mile reciprocity, simplification of ticketing, better flight connections, iarmonization of tariffs and services, and code sharing. Nevertheless, the shortage of flights to the United States has become a major impediment enewed growth in travel to the U.S.

ere are now five major international airline alliances.

- STAR ALLIANCE

  Created in 1997, this alliance includes Air Canada, Air New Zealand, All Nippon Airways, Austrian Airlines Group (Austrian Airlines, Laud Air and Tyrolean Airways), Ansett Australia, British Midland, Lufthansa German Airlines, Mexicana Airlines, Scandinavian Airlines (SAS), Singapore Airlines, Thai Airways International, United Airlines and Varig Brazilian Airlines. The partnership offers 894 destinations and ha a turnover of $ 439 billion in 2000.

- ONEWORLD

  Created in 1999, the Oneworld alliance is second in terms of total turnover. It includes American Airlines, British Airways, Cathay Pacific, Finnair, Iberia, Qantas, Aer Lingus and LanChile. The partnership offers 570 destinations and has a turnover of $ 340 billion in 2000.

- WINGS

  The alliance includes Air China, Air Europa, Alaska Airlines, America West Airlines, Continental, Emirates, Eva Air, Hawaiian Airlines, KLM, Northwest Airlines, Virgin Atlantic and Amtrak (America's National Railroad Passenger Corporation). The partnership offers 500 destinations and has a turnover of $ 194 billion in 2000.

- SKY TEAM

  Sky Team includes Aeromexico, Air France, Delta Airlines, Alitalia, Korean Air and Czech Airlines. This new alliance represents 12 percent of the market, 500 destinations in 120 different countries, 8,000 flights per day and over 175 million passengers travel.

- QUALIFLYER

  The alliance includes Air Lib, Air Littoral, Swiss, SN Brussels Airlines, LOT Polish Airlines, LTU (until 12/31/2002), TAP Air Portugal. The partnership offers 355 destinations and has a turnover of $ 78 billion in 2000.

Low-cost companies in Europe

ost-cost airline companies began to be created after the Gulf War (1991) to compete against airlines located in the western part of the U.S. The ioneer was Shuttle by United, followed by Southwest Airlines, founded in 1974 in Dallas. With a possible potential of 15 percent of the world narket, the low-cost companies now represent 5 percent world airline traffic. In Europe, the leaders are:

1) Ryanair (U.K.) founded in 1985;
2) Buzz (subsidiary of KLM), founded in 2000;
3) Go (British Airways), founded in 1999;
4) Easyjet.

One of their major assets is their potential of for annual growth. For example, EasyJet has grown by 35 percent and Ryanair by 31.6 percent, while Air France grew by 19 percent and British Airways by 3.8 percent

Their strategy is based on:

- flying short-haul destinations without connecting flights;
- using secondary airports (airport cost less expense);

- maximizing flying time for each aircraft.

Because of these factors, their costs are 30 to 40 percent less than those of regular airlines.

In April 2002, Buzz, a British subsidiary of KLM launched four daily flights in France for a total of 19 connections. Since its creation in January 2000, Buzz has recorded 2.4 million passengers. In 2001, Easyjet recorded 1.3 million passengers.

Air France

n 1999, Air France, the French flag carrier, was partially privatized and was looking for new alliances in order to compete against its main Europea ivals, British Airways and Lufthansa. The French Government still holds a stake in half the company.

On June 22, 1999, **Air France** and **Delta Air Lines** announced the creation of a new partnership, thus creating the latest global airline alliance. The artnership represents 149 million passengers, 800 airplanes, 365 destinations. The partnership with Delta would create $ 157 million in extra evenue each year and result in substantial cost savings. Together they control one-fifth of the transatlantic market.

n 2001, Air France ranked first among French carriers with 40.1 million passengers, an increase of 17.7 percent over 2000, compared to Air Liberté, vith 4.4 million passengers (+3,1 percent), and AOM, with 3,35 million passengers (- 7.5 percent).

On November 7, 2001, Air France re-establish its direct **Paris/New York Concorde** daily flight, following a hiatus caused by the July 2000 crash at Charles de Gaulle airport. In addition, British Airways will open two daily flights. **Importantly, Roissy/Charles de Gaulle (CDG) airport is Air France's hub. CDG airport is Europe's third leading airport (in terms of passenger numbers) after London Heathrow and Frankfurt.**

On March 2002, Air France launched an advertising campaign in order to counteract the decrease in international traffic. For example, the company s offering a special package at 350 Euros to seven major cities in the U.S.

Other French airlines:

Lib

Air Liberte was created in 1987 by Lofti Belhassine. In 1996, the company established a partnership with AOM (Air Outre Mer). In 2001, Air Liberté filed for bankruptcy. Since then, an offer for takeover has been made by a consortium lead by a former Air France pilot and a group of ssociates including employees from AOM/Air Liberté. In January 2002, Air Liberté was taken over by Jean-Charles Corbet, who is the only hareholder through his company Holco. In March 2002, the company was renamed Air Lib. Air Lib is selling through travel agencies (60 percent) nd the Internet (40 percent).

M

Air Outre Mer (AOM) was created in 1988 by Reve Micaud, a travel agent based in the Reunion Island (a french overseas departement). In 1995, t ompany was taken over by Altus Finance, a subsidiary of the Credit Lyonnais. In 1996, a partnership was established between AOM and Air Liberté. In 1999, Swissair acquired 49% of the capital of AOM. In 2001, AOM has filed for bankruptcy. In 2001, AOM/Air Liberté merged. **In March 2002, the company was renamed Air Lib.**

Littoral

The company was created in 1972. In 1991, KLM acquired 35 percent of the capital. Then, in 1998, Swissair acquired 49 percent of the capital. In 2000, Swissair acquired shares in AOM, Air Liberté and Air Littoral. Air Littoral continues to seek investors.

t of the top 10 French airlines in 2002 (in number of passengers)

French airlines	Number of travellers (in millions)
ir France	40,098 (-0.1%)
r Lib	4,421 (-40.8%)

orsair + Aérolyon	2,478	(+0.8%)
it Air	1,804	(+28.2%)
egional Airlines + Flandre Air + Proteus	1,797	(+17%)
r Littoral	1,263	(-21.3%)
CM Airlines	0,879	(+3.8%)
ıralair	0,746	(+23.9%)
ar Airlines	0,742	(-3.8%)
éris	0,415	(+0.8%)

U.S.- France air services agreement

'he United States and France signed a bilateral air service agreement on October 20, 2001, pursuant to an initial agreement concluded in April 998. **This "open skies" agreement entered into effect in the first quarter of 2002.** Its four-year period of implementation includes uthorization for a 40 percent increase in services by U.S. airlines to France with an equal number authorized by French carriers to the U.S. After our years, air service between the U.S. and France will again be open for renegotiation.

'he new agreement will allow French and American carriers to serve any airport and to establish code-sharing partnerships (such as the one Air France currently has with Delta). It should also lower air fares by boosting competition.

'his agreement enlarges the services between the U.S. and France that have been in effect since 1998. Under the initial agreement, U.S. arriers were allowed to add seven daily flights to France during a four-year transition period: three in 1998, one in 1999; two in 2000; and one in 001.

Jnited States-France air traffic has increased by 180 percent over the last decade, reaching 6.4 million passengers in 2000, allowing French irline companies in particular to increase their market share—from 30 percent in 1993 to 47 percent in 2000.

ıce April 2000, U.S. carriers have initiated a number of transatlantic flights. They are:

- April 3, 2000: **United Airlines** opened a daily service between Paris and Los Angeles. United Airlines is also proposing daily flights to Chicago, Los Angeles, San Francisco and Washington.
- April 14, 2000: **US Airways** opened a daily service between Paris and Charlotte, North Carolina. US Airways already has daily flights to Philadelphia and Pittsburgh.
- April 15, 2000: the **Air France / Delta Airlines alliance** opened several nonstop flights: Paris - Cincinnati; Nice – New York. Air France is already offering daily flights from Paris to Atlanta, Chicago, Houston, Los Angeles, Miami, New York, San Francisco and Washington.
- May 2, 2000: **TWA** opened a daily service between Paris and St-Louis, Missouri.
- April 1, 2001: **American Airlines** opened a daily service between Paris and San Jose.
- May 7, 2001: **Air France** opened a daily service between Paris and Dallas.
- Summer 2001: **Delta Air Lines / Air France** announced a daily service between Paris and Atlanta.

After the September 11 tragic events, some U.S. carriers have decided to suspend some of their daily flights. In March 2002, the U.S. carriers have experienced a mild recovery and they are re-establishing their services or opening a second daily service:

ntinental Airlines

Aarch 15, 2002: Paris-Houston and Paris-New York
end of the code-share with Air France).

lta Air Lines

Aarch 15,2002: Paris-New York

Creation of a second daily service

May 1, 2002: Paris -New York and Paris -Houston
(code-share with Air France)

rthwest Airlines / KLM

March 2: Paris -Detroit - 5 flights per week
May 2002: Paris -Detroit - initiation of a daily flight

ited Airlines

il 8, 2002: Paris-Washington

stablishement of the second daily flight

Airways

Paris -Pittsburgh: reestablishment of the daily flight March 17, 2002:

U.S. Carriers

Seven airlines offer nonstop flights from Paris/Charles de Gaulle or Orly airport to the U.S.: Air France, American Airlines, Continental Airlines, Delta Air Lines, Northwest, United Airlines and US Airways.

t of the direct flights from France to the U.S. (June 2002)

R FRANCE

rport Departure	Airport Arrival	Frequency
ris - CDG	Atlanta – ATL	(4 flights per day)
ris - CDG	Boston – Logan	(2 flights per day)
ris - CDG	Chicago – ORD	(1 flight per day)
ris - CDG	Cincinnati – CVG	(2 flights per day)
ris - CDG	Houston – HOU	(1 flight per day)
ris - CDG	Los Angeles – LAX	(1 flight per day)
ris - CDG	Miami – MIA	(1 flight per day)
ris - CDG	New York – JFK	(7 flights per day)
ris - CDG	New York – Newark	(2 flights per day)
ris - CDG	Philadelphia	(1 flight per day)
ris - CDG	San Francisco- SFO	(1 flight per day)
ris - CDG	Washington – IAD	(2 flights per day)
ce - NCE	New York – JFK	(1 flight per day)

ERICAN AIRLINES

rport Departure	Airport Arrival	Frequency
ris - CDG	Boston – BOS	(1 flight per day)
ris - CDG	Chicago – ORD	(1 flight per day)
ris - CDG	Dallas – DFW	(1 flight per day)
ris - CDG	Miami – MIA	(1 flight per day)
ris - CDG	New York – JFK	(2 flights per day)

NTINENTAL AIRLINES

rport Departure	Airport Arrival	Frequency
ris - CDG	Houston – HOU	(1 flight per day)
ris - CDG	New York – EWR	(2 flights per day)

LTA AIRLINES

rport Departure	Airport Arrival	Frequency
ris - ORY	Atlanta – ATL	(2 flights per day)
ris - ORY	Cincinnati - CVG	(1 flight per day)
ris - ORY	New York – JFK	(2 flights per day)

RTHWEST AIRLINES/ KLM

rport Departure	Airport Arrival	Frequency
ris - CDG	Detroit – DTW	(1 flight per day)

ITED AIRLINES

rport Departure	Airport Arrival	Frequency
ris - CDG	Chicago – ORD	(1 flight per day)
ris - CDG	San Francisco- SFO	(1 flight per day)
ris - CDG	Washington – IAD	(2 flights per day)

AIRWAYS

rport Departure	Airport Arrival	Frequency

ris - CDG	Philadelphia – PHL	(1 flight per day)
ris - CDG	Pittsburgh – PIT	(2 flights per day)

END-USER ANALYSIS

he average French person visiting the U.S. is between 25 and 45 years old. The average length of stay is approximately 12-16 days. Daily rench visitor spending in the U.S. amounts to approximately $ 100.

he French travel customer is becoming increasingly demanding, searching for "tourism products" in such areas as culture, health, and adventure he need to respond to this demand is reflected in the catalogs of major tour operators that now have to find new promotional tools to attract ustomers. In addition, such customers require a great deal of specialized service.

he French are individualistic and demanding travelers, which explains why 70 percent choose "Fly and Drive" options. Nevertheless, a category ourists, mainly retired people, prefer organized trips. **A potentially effective strategy for promoting U.S. destinations in France is to promote merican uniqueness while recognizing that the French have a keen interest in history and historic places.** A recent survey published by the ational association of French travel agencies shows that 70 percent of French people visiting the U.S. will visit historic sites and national parks. T rench are also looking for personal interaction with the local population. As a result, bed-and-breakfast stays are becoming increasingly popular. rench travelers are becoming increasingly adventuresome and are willing to try different experiences. At the same time, most French travelers like ood food, including French cuisine. The French are also attracted to ethnic foods, which are available increasingly in France itself.

n the United States, French travelers especially appreciate natural and scenic sights; national parks; shopping; driving what they call "une belle méricaine" (a big American car) on freeways; jazz music; American breakfasts; McDonald's; popcorn; hot-dogs; the Hard Rock Café; and theme arks. The French find the Americans friendly, appreciate the American way of life, and are rarely disappointed by their first trip to the U.S. They re generally surprised by the size of the country, particularly the distances between locations which are huge by European standards. They find hemselves frustrated at not having enough time to visit more. As a result, they usually plan a second, and often a third trip.

MARKET ACCESS

- Distribution/Business Practices

Tour operators in France

he Visit USA travel trade consists of about 30 tour operators. They dedicate 70 to 100 percent of their brochure catalog content to the North merican market (U.S. and Canada). The popularity of the U.S. is has been mainly due to its variety, the quality of the services there, and low fares rench tour operators have adapted themselves to the needs of the market and concentrated on products offering plenty of opportunities to explo nd satisfy individual interests.

Most of the tour operators are now selling directly to the public. They include Nouvelles Frontières (a pioneer tour operator, with 2.5 million ustomers per year), Access Voyages, Forum Voyages, Directours, Lastminute.com/Degriftour.com, Compagnie des Etats-Unis, Comptoir des Etat Jnis, Voyageurs en Amérique du Nord . Maison des Etats-Unis, Brokair, and Look Voyages.

)ther tour operators, such as Vacances Fabuleuses (27,000 visitors), Jetset (18,500 visitors), Jet Tours (8,900 visitors), and Kuoni (12,100 visitors), ffer their services through major retail networks such as Havas/American Express, Carlson/Wagonlit Travel, Wasteels, and Frantour.

he following is a list of the top 10 Tour Operators in France by number of French Visitors to the U.S. (October 2001)

Tour Operators	Number of French travellers
okair	65,000
acances Fabuleuses	27,000
ok Voyages	26,051

:tset	18,500
acances Air Transat	16,100
oyageurs du Monde	16,000
irectours	14,667
uoni	12,100
oyamar	12,000
t Tours	8,900

n recent years, the tourism industry in France has experienced a series of mergers and acquisitions, which will have an important impact on the tructure of the tourism promotion industry in France.

n 2001, Terre d'Aventure (tour operator dedicated to outdoor/nature) was taken over by Voyageurs du Monde. Voyageurs du Monde also acqui Aaison des Amériques and Comptoir des Etats-Unis. In March 2002, Look voyage and Brokair merged. They are now selling directly to the public. 'he Canadian group Transat is composed of Vacances Air Transat, Look Voyages, Brok'air, Anyway and Club Voyages. Accor, one of the major etail agencies network is now the major shareholder of the French tour operator Go Voyage (60 percent of its capital). V Finances, a financial ompany based in Nice, took over Boomerang and Usit Connection France.

nsequences of the September 11 attacks on the French tour operators

n France, twenty tour operators registered 11,000 cancellations for trips to the United States and Canada during the days that followed the attack nd nearly 5,500 reservations were cancelled in October for those destinations. Sales also dropped for Mediterranean destinations. Some of 'rance's top tour operators suffered major declines in business activity to the United States, as illustrated by the following chart:

French Tour Operators for U.S. destinations	Decline in Reservations from October 2000 to December 2001
acances Fabuleuses	45%
:t Set	55%
irectours	25%
oyageurs du Monde	25%
uoni	25%

'he Canadian group Vacances Air Transat announced a 8 percent decrease of activity regarding the U.S. market and a loss of $ 69.3 million in 2001 Kuoni announced a loss of $ 200,000 for the French market ($ 187 million for the international market in 2001).

At the same time, French tour operators and other organizations in France took several actions to help boost business to the United States such a

- A low-cost "Thanksgiving package" to New York City by several tour operators and airlines, promoted by the Visit USA Committee France;
- A five-percent rate reduction by tour operator Jet Set for U.S. destinations;
- Press trips to New York City by major travel trade magazines like *Le Quotidien du Tourisme*, *TourHebdo*, *L'Echo Touristique*, and *L'Univers des Voyages*;
- Advertising campaigns in France organized by Visit Florida and the State of Pennsylvania.

While travel to North America experienced a significant downturn, the number of cancellations by French travelers to all destinations remained relatively low compared to the total number of packages sold annually (7 million). At the same time, new reservations have fallen by 40 percent. Tour operators are attempting to find new ways to adapt to changes in the travel market and to grow their business. For example, new destinations such as South America and the Caribbean Islands have been added to their programs.

It is important to note that the French have continued to travel internationally to a significant degree. Although there was an overall downturn immediately after September 11, travel rebounded significantly several months later. Travel to the United States and the Middle East (Syria, Jordan, Israel, Egypt), however, remains slow. Other destinations are now emerging as leading destinations, such as Malta, Portugal, Thailand, Mauritius, the Seychelles Islands and the Maldives.

Some travel and tourism players in France have privately urged the United States government to take additional steps to help promote travel to and tourism in the United States.

Tour operators in Europe

The top nine tour operators in Europe, by global revenue in 2002, are:

Tour Operator	Country
reussag / TUI / Thomson	Germany
y Travel Group (Airtours)	U.K
&N / Thomas Cook / Havas Voyages	Germany
ewe / LTU	Germany
rst Choice	U.K
uoni	Switzerland
lub Med	France
otelplan	Switzerland
lpitour	Italy

These top European Tour operators now hold nearly 70 percent of the market and represent a turnover of $ 39,5 billion. It is important to note that among the top three European tour operators, two are German tour operators.

n 2001, takeovers and mergers have increased, mainly because French tour operators are too small and too specialized and cannot survive.

Havas Voyages/American Express has been acquired by the German **C&N** . In addition, **C&N** has purchased the British **Thomas Cook** from Carlson companies.

Recently, German's **Preussag/TUI** took a participation in the French tour operator **Nouvelles Frontieres**, following its acquisitions of the U.K.'s Thomson Travel. Jacques Maillot, its president, left **Nouvelles Frontieres** in October 2001. German Preussag is thinking about acquiring Nouvelles Frontieres.

n 2000, **Degriftour** was taken over by the U.K.'s **Lastminute.com.** Lastminute.com also has a cooperation agreement with **Thomas Cook**.

These developments have had a disruptive impact on the structure of the French travel and tourism industry, signaling the increased power of non French tour operators and other organizations, particularly Germans, in the promotion of travel and tourism services in France.

Travel agencies

There are approximately 6,000 travel agencies in France. Independent travel agencies are usually members of associations.

e major travel agency associations are:

FAT (Association Française s Agences de Tourisme)	445 agencies
FTAC (Association Française ourisme d'Affaires & Congres)	21 agencies
arlson / Wagonlit Tourisme	400 agencies
antour (Accor)	90 agencies
avas/ American Express + Havas Voyages (C&N)	220 agencies + 400 agencies
anor	470 agencies
otravel	202 agencies

lectour	513 agencies
ourcom	300 agencies
NAV (Syndicat National des Agences de Voyages)	1,365 agencies

Tourist Villages

ince 1950, there has been an increased popularity of French "tourist villages." Club Med, the pioneer, is very innovative and offers plenty of ctivities to the consumers.

t of Top 8 tourist villages:

Tourist Village	Number of tourist Villages	Date of creation
lub Med	120	1950
VF Vacances	121	1956
dorador	22	1975
amissima	22	1984
ladiens	23	1986
ookea	13	1996
armara	10	1998
oralia	17	2000

New trends in the industry

E-tourism / Internet

n 2001, e-tourism represented a turnover of 892 millions Euros. E-tourism has experienced significant growth in the past two years, with a ignificant increase in the number of such firms. Tour operators online are competing in the e-travel business. A notable trend has been for tour perators to develop agreements with e-portals. For example Yahoo.fr has agreement with Leisureplanet and Wanadoo with Travelprice.com. In ddition, the e-travel business offers an international presence to the French tour operators.

here are 27 million e-travelers in Europe (information and reservations on the web). France represents 2.5 million e-travelers (9.8 percent). The nternet is used by 17-25 percent of French e -travelers to obtain information about trips. However, only 5 percent have actually bought a package he Internet.

t of the top 10 e-tourism business

Company	Number of users in March 2002	Number of users in March 2001	Increase 2002/2001
oyages-sncf.com	935 000		/

ıcf.com	838 000	843 000	-0.7%
ıstminute.com	350 000	215 300	+62.6%
omovacances.com	341 000	217 400	+56.9%
ırfrance.fr	326 000	251 800	+29.5%
egriftour.com	319 000	307 400	+3.8%
aravel.com	306 000	/	/
ıtp.com	245 000	167 100	-10.4%
ouvelles-frontieres.fr	195 000	217 600	-10.4%
avelprice.com	178 000	/	/

Hypermarket Chain Stores

)ver the last decade, hypermarket chain stores chains have become major players and partners in the travel industry. Through their network of tores, they are attracting customers with competitive prices, as well as with other services such as financing and credit.

t of the top 4 hypermarket chain stores in 2001:

Leclerc Voyages	400,000 customers
ıcances Carrefour	350,000 customers
oyages Auchan	49,000 customers
ısino Vacances	40,000 customers

Key Contacts

; Commercial Service

The Commercial Service at the U.S Embassy in France provides support to U.S destinations in France by providing information and customized ervices. It also publishes an annual "Who's Who" of the touris m industry in France, which contains information on tour operators, travel agenci irlines, representatives of U.S. states and cities in France and other significant contacts in the tourism industry in France. It also publishes a medi ;uide, which includes information on the travel trade press, specialized magazines and travel guides in France.

:o obtain information about how to promote U.S destinations in France, please contact:

ıerican Embassy

:he Commercial Service
:, avenue Gabriel
'5008 Paris - France
:el: 33-1 43.12.27.70, Fax: 33-1 43.12.21.72
:ontact: Valerie Ferriere, Tourism Specialist

ıail: Valerie.Ferriere@mail.doc.gov

ernet: http://amb-usa.fr/fcs/fcs.htm

;it USA Committee France

/o AVA, 24, rue Pierre Sémard
'5009 Paris - France
;ontacts : Mr. Michel-Yves Labbe, President
/ls. Marianne Strucviel, Executive Assistant
:el: (33-1) 42 80 29 78 - Fax: (33-1) 42 85 33 69

bsite *: vusacom@worldonline.fr*

\ non-profit association created in 1996 and with over 100 members, is managed by an elected executive committee of 6 to 8 members representing ll sectors of the tourism industry. The Visit USA Committee is a member of the NTO (National Tourism Organization). With the collaboration of he Commercial Service/American Embassy Paris, the Visit USA Committee organizes promotional events such as trade & consumer shows. It also ublishes several travel guides available to the travel trade and the general public.

Trade Promotion Opportunities*:*

The major trade events in the tourism industry in France are:

Vame: Top Resa
Event Type: Trade Show (10,000 visitors)
Location: Deauville
Dates: September 19-21, 2002
Frequency: Annual
Organizer: TOP RESA
70, rue Rivay
92532 Levallois Perret Cedex
Tel:(33-1) 47 56 50 00, Fax:(33-1) 47 56 50 67
Website: www.topresa.com
Contact: Brigitte Chanial, Director / Gérald Duport, Sales Manager

:he U.S Commercial Service at the American Embassy and the Visit USA Committee France are organizing a U.S pavilion at Top Resa 2002, 'rance's most important tourism and travel trade show.

Vame: Mahana
*;ype:*Trade & Consumer Show
,ocation: Lyon (2nd largest city in France)
)ates: March 14-16, 2003
'requency: Annual
)rganizer: A consumer show organized by Expo Magazine
!08, rue Vendôme
;9422 Lyon Cedex 03
:el:(33-4) 78 62 33 62, Fax:(33-4) 78 62 33 63
;ontact: Coralie De Barreau, Sales Manager

me: Salon Mondial du Tourisme

,ocation: Paris
)ates: March 6-9, 2003
'requency: Annual
)rganizer: A consumer show organized by CEP Exposium
, rue du Parc
)2593 Levallois Perret Cedex
:el:(33-1) 49 68 54 50, Fax:(33-1) 49 68 54 51

:ontact: Françoise Jeglinski, Sales Manager

Analyst: Valerie Ferriere, Tourism Specialist
Assistant-Analyst: Jérôme Canazzi, Commercial Assistant
Approval: Ronald Soriano, Commercial Counselor

'or additional information regarding market research specific to your products and services, ask about our Flexible Market Research and :ustomized Market Analysis programs by contacting us at 1-800-USA-TRAD(E) or www.usatrade.gov. Both reports provide timely, :ustomized, reliable answers to your inquiries about a market and its receptivity to your products and services.

:o the best of our knowledge, the information contained in this report is accurate as of the date published. However, the Department of Commerce loes not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own du liligence before entering into business ventures or other commercial arrangements. The Department of Commerce can assist companies in these :ndeavors.

Customer Satisfaction Survey

J.S. Department of Commerce
International Trade Administration
U.S. Commercial Service

:he U.S. Department of Commerce would appreciate input from U.S. businesses that have used this ISA report in conducting export market esearch. Please review the privacy statement / disclaimers at the bottom of this Web site. Please take a few moments to complete the attached urvey and fax it to 202/482-0973, mail it to QAS, Rm. 2002, U.S. Department of Commerce, Washington, D.C. 20230, or Email: nternet[QASurvey@mail.doc.gov].

* * * About Our Service * * *

Country covered by report: ___________

ustry/title: _____________

:ommerce domestic office that assisted you (if applicable):

How did you find out about the ISA service?

_Direct mail
_Recommended by another firm
_Recommended by Commerce staff
_Trade/state/private newsletter
_Department of Commerce newsletter
_Other (specify): ______________________________

Please indicate the extent to which your objectives were

atisfied:
.-Very satisfied
:-Satisfied
;-Neither satisfied nor dissatisfied
.-Dissatisfied
;-Very dissatisfied
;-Not applicable

_Overall objectives
_Accuracy of information
_Completeness of information
_Clarity of information
_Relevance of information
_Follow-up by Commerce representative

In your opinion, did using the ISA service facilitate any of

he following?
_Decided to enter or increase presence in market
_Developed an export marketing plan
_Added to knowledge of country/industry
_Corroborated market data from other sources
_Decided to bypass or reduce presence in market
_Other (specify): ________________________________

How likely would you be to use the ISA service again?

_Definitely would
_Probably would
_Unsure
_Probably would not
_Definitely would not

Comments:

---

* * About Your Firm * * *

. Number of employees: __1-99 __100-249 __250-499

_500-999 __1,000+

. Location (abbreviation of your state only):______
. Business activity (check one):
_Manufacturing
_Service
_Agent, broker, manufacturer's representative
_Export management or trading company
_Other (specify):________________________________

4. Value of export shipments over the past 12 months:

_Less than $10K
_$11K-$100K
_$101K-$500K
_$501K-$999K
_$$1M-$5M
_More than $5M

we call you about your experience with the ISA service?
tact name: ____

ıe: ____
number: ____
il: ____

nk you—we value your input!

This report is authorized by law (15 U.S.C. 1512 et seq., 15

.C. 171 et seq.). While you are not required to respond, your
cooperation is needed to make the results of this evaluation
comprehensive, accurate, and timely. Public reporting burden for
his collection of information is estimated to average ten
ninutes per response, including the time for reviewing
nstructions, searching existing data sources, gathering and
naintaining the data needed, and completing and reviewing the
ollection of information. Send comments regarding this burden
stimate or any other aspect of this collection of information,
ncluding suggestions for reducing the burden, to Reports
Clearance Officer, International Trade Administration, Rm. 4001,
J.S. Dept. of Commerce, Washington, D.C. 20230, and to the Office
of Information and Regulatory Affairs, Office of Management and
Budget, Paperwork Reduction Project (0625-0217), Washington, D.C.
20503.

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